

**2016 年 3 月期 決算短信 (2015 年 5 月 1 日～2016 年 3 月 31 日)**  
Earnings Report for Fiscal Year ended March 2016 (May 1, 2015 – March 31, 2016)

2016 年 6 月 27 日

June 27, 2016

フ ァ ン ド 名	i シェアーズ 米国リート・不動産株 ETF (ダウ・ジョーンズ米国不動産)	上場取引所	東
コ ー ド 番 号	1590	売買単位	1 口
連 動 対 象 指 標	ダウ・ジョーンズ米国不動産指数		
主 要 投 資 資 産	有価証券		
管 理 会 社	ブラックロック・ファンド・アドバイザーズ		
U R L	<a href="http://www.blackrock.com/jp/products/269027/">http://www.blackrock.com/jp/products/269027/</a>		
代 表 者	(役職名) マネージング・ディレクター	(氏名)	ジャック・ジー
問 合 せ 先 責 任 者	(役職名) 代理人	(氏名)	濃川 耕平 (TEL) 03(6250)6200
Fund name:	iShares U.S. Real Estate ETF-JDR	Listed Exchange:	TSE
Code:	1590	Trading unit:	1 unit
Underlying indicator:	Dow Jones U.S. Real Estate™ Index		
Primary invested assets:	Securities		
Management co.:	BlackRock Fund Advisors		
URL:	<a href="http://www.blackrock.com/jp/products/269027/">http://www.blackrock.com/jp/products/269027/</a>		
Representative:	(Title) Managing Director	(Name)	Jack Gee
Contact person:	(Title) Attorney-in-Fact	(Name)	Kohei Koikawa (TEL) 03(6250)6200

有価証券報告書提出予定日 2016 年 9 月

Scheduled date of submission of securities report: September 2016

※ ファンドの計算期間の末日は 4 月 30 日から 3 月 31 日に変更されました。

※ The Fund's fiscal year-end was changed from April 30 to March 31.

## I ファンドの運用状況

### I Fund Management

#### 1. 2016 年 3 月期の運用状況 (2015 年 5 月 1 日～2016 年 3 月 31 日)

##### 1. Management Status for Year Ended March 2016 (from May 1, 2015 to March 31, 2016)

#### (1) 信託財産である外国 ETF の資産内訳

(百万円未満切捨て)

##### (1) Assets of Trust Asset Foreign ETF

(amounts below 1 mil. yen are disregarded)

	主要投資資産		現金・預金・その他の資産 (負債控除後)		合計 (純資産)	
	Primary Invested Assets		Cash/Deposits/Other Assets (minus liabilities)		Total (Net Assets)	
	金額	構成比	金額	構成比	金額	構成比
	Amount	ratio	Amount	ratio	Amount	ratio
2016 年 3 月期	百万円	%	百万円	%	百万円	%
FY ended March 2016	JPY mil.	%	JPY mil.	%	JPY mil.	%
2015 年 4 月期	548, 721	110. 74	△53, 221	(10. 74)	495, 500	100. 00
FY ended April 2015	582, 371	106. 32	△34, 605	(6. 32)	547, 765	100. 00

(2) 信託財産である外国 ETF の設定・交換実績

(2) Creation and Redemption of Trust Asset Foreign ETF

	前計算期間末 発行済口数 No. of Issued Units at End of Previous Calculation Period (①)	設定口数 No. of Units Created (②)	交換口数 No. of Units Redeemed (③)	当計算期間末 発行済口数 No. of Issued Units at End of Calculation Period (①+②-③)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
2016 年 3 月期 FY ended March 2016	65,450	231,600	239,700	57,350
2015 年 4 月期 FY ended April 2015	65,200	338,000	337,750	65,450

(3) 信託財産である外国 ETF の基準価額

(3) Net Asset Value of Trust Asset Foreign ETF

	総資産 Total Assets (①)	負債 Liabilities (②)	純資産 Net Assets (③(①-②))	1口当たり基準価額 Net Asset Value per unit ((③/当計算期間末 発行済口数)×1) ((③/No. of Issued Units at End of Calculation Period)×1)
	百万円 JPY mil.	百万円 JPY mil.	百万円 JPY mil.	円 JPY
2016 年 3 月期 FY ended March 2016	551,387	55,887	495,500	8,639.93
2015 年 4 月期 FY ended April 2015	582,887	35,121	547,765	8,369.22

(4) 上場外国 ETF 信託受益証券に係る設定・交換実績

(4) Creation and Redemption of Listed Foreign ETF Trust Beneficiary Certificates (JDR)

	前計算期間末 発行済口数 No. of Issued Units at End of Previous Calculation Period (①)	設定口数 No. of Units Created (②)	交換口数 No. of Units Redeemed (③)	当計算期間末 発行済口数 No. of Issued Units at End of Calculation Period (①+②-③)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
2016 年 3 月期 FY ended March 2016	145.0	31.5	0	176.5
2015 年 4 月期 FY ended April 2015	89.0	56.0	0	145.0

(5) 上場外国 ETF 信託受益証券の分配金

(5) Dividend Payment of Listed Foreign ETF Trust Beneficiary Certificates (JDR)

2016 年 3 月期 FY ended March 2016	1 口当たり分配金 Dividend per unit	2015 年 4 月期 FY ended April 2015	1 口当たり分配金 Dividend per unit
※1	円 JPY	※1	円 JPY
2015 年 6 月 26 日 June 26, 2015	55	2014 年 6 月 26 日 June 26, 2014	41
2015 年 9 月 25 日 September 25, 2015	※2 税率(Tax Rate)10% : 70 税率(Tax Rate)30% : 54	2014 年 9 月 26 日 September 26, 2014	46
2015 年 12 月 29 日 December 29, 2015	※2 税率(Tax Rate)10% : 100 税率(Tax Rate)30% : 77	2014 年 12 月 29 日 December 29, 2014	66
2016 年 3 月 28 日 March 28, 2016	※2 税率(Tax Rate)10% : 86 税率(Tax Rate)30% : 66	2015 年 3 月 27 日 March 27, 2015	53

※1 当該期間における分配のための基準日を記載しております。

※1 The record dates for distributions corresponding to the relevant period are indicated.

※2 適用される米国源泉税率毎に算出されています。

※2 These amounts of dividend per unit are shown together with, and after the application of, the respective applicable U.S. withholding tax rates.

(注) 上記 (1) ~ (3) の表における米ドルから日本円への換算は、1 米ドル=110.94 円の換算率 (2016 年 5 月 31 日に株式会社三菱東京 UFJ 銀行が公表した対顧客電信売買相場の仲値) により計算されています。

(Note) Conversion from United States dollars into Japanese yen with respect to the tables in (1) through (3) above has been made at the exchange rate of \$1 = ¥ 110.94 (the telegraphic transfer middle exchange rate vis-à-vis customers quoted by The Bank of Tokyo-Mitsubishi UFJ, Ltd. on May 31, 2016).

2. 信託財産である外国 ETF の会計方針の変更

2. Change in Accounting Policies of Trust Asset Foreign ETF

(1) 会計基準等の改正に伴う会計方針の変更 : 無

(1) Changes accompanying revision to accounting standards, etc. : No

(2) (1) 以外の会計方針の変更 : 無

(2) Changes other than those in (1) : No

## 2016 ANNUAL REPORT



### **iShares Trust**

- ▶ iShares U.S. Aerospace & Defense ETF | ITA | NYSE Arca
- ▶ iShares U.S. Broker-Dealers & Securities Exchanges ETF | IAI | NYSE Arca
- ▶ iShares U.S. Healthcare Providers ETF | IHF | NYSE Arca
- ▶ iShares U.S. Home Construction ETF | ITB | NYSE Arca
- ▶ iShares U.S. Insurance ETF | IAK | NYSE Arca
- ▶ iShares U.S. Medical Devices ETF | IHI | NYSE Arca
- ▶ iShares U.S. Oil & Gas Exploration & Production ETF | IEO | NYSE Arca
- ▶ iShares U.S. Oil Equipment & Services ETF | IEZ | NYSE Arca
- ▶ iShares U.S. Pharmaceuticals ETF | IHE | NYSE Arca
- ▶ iShares U.S. Real Estate ETF | IYR | NYSE Arca
- ▶ iShares U.S. Regional Banks ETF | IAT | NYSE Arca
- ▶ iShares U.S. Telecommunications ETF | IYZ | NYSE Arca

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# Statements of Assets and Liabilities (Continued)

## iSHARES® TRUST

March 31, 2016

	iShares U.S. Real Estate ETF	iShares U.S. Regional Banks ETF	iShares U.S. Telecommunications ETF
<b>ASSETS</b>			
Investments, at cost:			
Unaffiliated	\$4,727,964,789	\$410,066,284	\$ 589,029,043
Affiliated (Note 2)	497,713,778	54,824,068	65,020,328
Total cost of investments	<u>\$5,225,678,567</u>	<u>\$464,890,352</u>	<u>\$ 654,049,371</u>
Investments in securities, at fair value (including securities on loan <sup>a</sup> )			
(Note 1):			
Unaffiliated	\$4,448,395,886	\$361,468,492	\$ 558,989,904
Affiliated (Note 2)	497,713,778	50,219,279	65,020,328
Total fair value of investments	4,946,109,664	411,687,771	624,010,232
Receivables:			
Investment securities sold	2,455,546	—	—
Dividends and interest	18,773,825	1,034,596	596,332
Capital shares sold	2,805,739	—	8,574
Total Assets	<u>4,970,144,774</u>	<u>412,722,367</u>	<u>624,615,138</u>
<b>LIABILITIES</b>			
Payables:			
Collateral for securities on loan (Note 1)	488,563,482	2,438,551	64,031,956
Capital shares redeemed	13,536,233	4,726	—
Investment advisory fees (Note 2)	1,665,375	160,317	201,287
Total Liabilities	<u>503,765,090</u>	<u>2,603,594</u>	<u>64,233,243</u>
NET ASSETS	<u>\$4,466,379,684</u>	<u>\$410,118,773</u>	<u>\$ 560,381,895</u>
<b>Net assets consist of:</b>			
Paid-in capital	\$4,777,252,185	\$509,815,621	\$ 828,146,461
Undistributed net investment income	—	622,194	—
Accumulated net realized loss	(31,303,598)	(47,116,462)	(237,725,427)
Net unrealized depreciation	(279,568,903)	(53,202,580)	(30,039,139)
NET ASSETS	<u>\$4,466,379,684</u>	<u>\$410,118,773</u>	<u>\$ 560,381,895</u>
Shares outstanding <sup>b</sup>	<u>57,350,000</u>	<u>12,900,000</u>	<u>18,250,000</u>
Net asset value per share	<u>\$ 77.88</u>	<u>\$ 31.79</u>	<u>\$ 30.71</u>

<sup>a</sup> Securities on loan with values of \$479,552,624, \$2,347,001 and \$61,820,604, respectively. See Note 1.

<sup>b</sup> No par value, unlimited number of shares authorized.

See notes to financial statements.

# Statements of Operations (Continued)

## iSHARES® TRUST

	<i>iShares U.S. Real Estate ETF</i>	
	Period from May 1, 2015 to March 31, 2016 <sup>a</sup>	Year ended April 30, 2015
<b>NET INVESTMENT INCOME</b>		
Dividends — unaffiliated	\$125,887,045	\$ 159,147,144
Interest — affiliated (Note 2)	4,955	390
Securities lending income — affiliated — net (Note 2)	850,108	1,164,537
Total investment income	<u>126,742,108</u>	<u>160,312,071</u>
<b>EXPENSES</b>		
Investment advisory fees (Note 2)	<u>17,728,029</u>	<u>23,278,654</u>
Total expenses	<u>17,728,029</u>	<u>23,278,654</u>
Net investment income	<u>109,014,079</u>	<u>137,033,417</u>
<b>NET REALIZED AND UNREALIZED GAIN (LOSS)</b>		
Net realized gain (loss) from:		
Investments — unaffiliated	(53,373,297)	(107,016,009)
In-kind redemptions — unaffiliated	<u>53,800,721</u>	<u>884,681,165</u>
Net realized gain	<u>427,424</u>	<u>777,665,156</u>
Net change in unrealized appreciation/depreciation	<u>186,505,072</u>	<u>(310,943,554)</u>
Net realized and unrealized gain	<u>186,932,496</u>	<u>466,721,602</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<u>\$295,946,575</u>	<u>\$ 603,755,019</u>

<sup>a</sup> The Fund's fiscal year-end was changed from April 30 to March 31.

See notes to financial statements.

# Statements of Changes in Net Assets (Continued)

## iSHARES® TRUST

	iShares U.S. Real Estate ETF		
	Period from May 1, 2015 to March 31, 2016 <sup>a</sup>	Year ended April 30, 2015	Year ended April 30, 2014
<b>INCREASE (DECREASE) IN NET ASSETS</b>			
<b>OPERATIONS:</b>			
Net investment income	\$ 109,014,079	\$ 137,033,417	\$ 133,176,402
Net realized gain	427,424	777,665,156	94,544,908
Net change in unrealized appreciation/depreciation	186,505,072	(310,943,554)	(406,272,770)
Net increase (decrease) in net assets resulting from operations	295,946,575	603,755,019	(178,551,460)
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>			
From net investment income	(150,743,219)	(177,990,317)	(162,396,953)
From net realized gain	(34,165,146)	(10,391,973)	(5,226,731)
Total distributions to shareholders	(184,908,365)	(188,382,290)	(167,623,684)
<b>CAPITAL SHARE TRANSACTIONS:</b>			
Proceeds from shares sold	17,077,452,277	25,380,070,070	21,360,992,147
Cost of shares redeemed	(17,659,606,099)	(25,405,340,051)	(22,236,633,684)
Net decrease in net assets from capital share transactions	(582,153,822)	(25,269,981)	(875,641,537)
INCREASE (DECREASE) IN NET ASSETS	(471,115,612)	390,102,748	(1,221,816,681)
<b>NET ASSETS</b>			
Beginning of period	4,937,495,296	4,547,392,548	5,769,209,229
End of period	\$ 4,466,379,684	\$ 4,937,495,296	\$ 4,547,392,548
<b>SHARES ISSUED AND REDEEMED</b>			
Shares sold	231,600,000	338,000,000	323,050,000
Shares redeemed	(239,700,000)	(337,750,000)	(336,400,000)
Net increase (decrease) in shares outstanding	(8,100,000)	250,000	(13,350,000)

<sup>a</sup> The Fund's fiscal year-end was changed from April 30 to March 31.

See notes to financial statements.



# Financial Highlights (Continued)

## iSHARES® TRUST

(For a share outstanding throughout each period)

### iShares U.S. Real Estate ETF

	Period from May 1, 2015 to Mar. 31, 2016 <sup>a</sup>	Year ended Apr. 30, 2015	Year ended Apr. 30, 2014	Year ended Apr. 30, 2013	Year ended Apr. 30, 2012	Year ended Apr. 30, 2011
<b>Net asset value, beginning of period</b>	\$ 75.44	\$ 69.75	\$ 73.45	\$ 63.90	\$ 62.15	\$ 52.92
<b>Income from investment operations:</b>						
Net investment income <sup>b</sup>	1.84	1.92	2.03	2.07	1.81	1.54
Net realized and unrealized gain (loss) <sup>c</sup>	3.79	6.47	(3.16)	9.93	2.15	9.68
Total from investment operations	5.63	8.39	(1.13)	12.00	3.96	11.22
<b>Less distributions from:</b>						
Net investment income	(2.60)	(2.55)	(2.49)	(2.45)	(2.21)	(1.99)
Net realized gain	(0.59)	(0.15)	(0.08)	—	—	—
Total distributions	(3.19)	(2.70)	(2.57)	(2.45)	(2.21)	(1.99)
<b>Net asset value, end of period</b>	\$ 77.88	\$ 75.44	\$ 69.75	\$ 73.45	\$ 63.90	\$ 62.15
<b>Total return</b>	7.77% <sup>d</sup>	12.14%	(1.23)%	19.35%	6.84%	21.88%
<b>Ratios/Supplemental data:</b>						
Net assets, end of period (000s)	\$4,466,380	\$4,937,495	\$4,547,393	\$5,769,209	\$3,926,945	\$3,598,770
Ratio of expenses to average net assets <sup>e</sup>	0.44%	0.43%	0.45%	0.46%	0.47%	0.47%
Ratio of net investment income to average net assets <sup>e</sup>	2.72%	2.55%	3.04%	3.16%	3.11%	2.83%
Portfolio turnover rate <sup>f</sup>	13%	21%	27%	16%	14%	17%

<sup>a</sup> The Fund's fiscal year-end was changed from April 30 to March 31.

<sup>b</sup> Based on average shares outstanding throughout each period.

<sup>c</sup> The amounts reported for a share outstanding may not accord with the change in aggregate gains and losses in securities for the fiscal period due to the timing of capital share transactions in relation to the fluctuating market values of the Fund's underlying securities.

<sup>d</sup> Not annualized.

<sup>e</sup> Annualized for periods of less than one year.

<sup>f</sup> Portfolio turnover rates exclude portfolio securities received or delivered as a result of processing capital share transactions in Creation Units.

See notes to financial statements.

# Notes to Financial Statements

## iSHARES® TRUST

iShares Trust (the “Trust”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Trust was established as a Delaware statutory trust pursuant to an Agreement and Declaration of Trust dated December 16, 1999.

These financial statements relate only to the following funds (each, a “Fund,” and collectively, the “Funds”):

<i>iShares ETF</i>	<i>Diversification Classification</i>	<i>iShares ETF</i>	<i>Diversification Classification</i>
U.S. Aerospace & Defense <sup>a</sup>	Non-diversified	U.S. Oil & Gas Exploration & Production <sup>a</sup>	Non-diversified
U.S. Broker-Dealers & Securities Exchanges <sup>a,b</sup>	Non-diversified	U.S. Oil Equipment & Services <sup>a</sup>	Non-diversified
U.S. Healthcare Providers <sup>a</sup>	Non-diversified	U.S. Pharmaceuticals <sup>a</sup>	Non-diversified
U.S. Home Construction <sup>a</sup>	Non-diversified	U.S. Real Estate <sup>a</sup>	Diversified
U.S. Insurance <sup>a</sup>	Non-diversified	U.S. Regional Banks <sup>a</sup>	Non-diversified
U.S. Medical Devices <sup>a</sup>	Non-diversified	U.S. Telecommunications <sup>a</sup>	Non-diversified

<sup>a</sup> The Funds’ fiscal year-end changed from April 30 to March 31.

<sup>b</sup> Formerly the iShares U.S. Broker-Dealers ETF.

The investment objective of each Fund is to seek investment results that correspond generally to the price and yield performance, before fees and expenses, of its underlying index. The investment adviser uses a “passive” or index approach to try to achieve each Fund’s investment objective.

Pursuant to the Trust’s organizational documents, the Funds’ officers and trustees are indemnified against certain liabilities that may arise out of the performance of their duties to the Funds. Additionally, in the normal course of business, the Funds enter into contracts with service providers that contain general indemnification clauses. The Funds’ maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred.

## 1. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are consistently followed by the Funds in the preparation of their financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Each Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies.

## SECURITY VALUATION

Each Fund’s investments are valued at fair value each day that the Fund’s listing exchange is open and, for financial reporting purposes, as of the report date should the reporting period end on a day that the Fund’s listing exchange is not open. U.S. GAAP defines fair value as the price a fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. The BlackRock Global Valuation Methodologies Committee (the “Global Valuation Committee”) provides oversight of the valuation of investments for the Funds. The investments of each Fund are valued pursuant to policies and procedures developed by the Global Valuation Committee and approved by the Board of Trustees of the Trust (the “Board”).

- Equity investments traded on a recognized securities exchange are valued at that day’s last reported trade price or the official closing price, as applicable, on the exchange where the stock is primarily traded. Equity investments traded on a recognized exchange for which there were no sales on that day are valued at the last traded price.

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

- Open-end U.S. mutual funds (including money market funds) are valued at that day's published net asset value ("NAV").

In the event that application of these methods of valuation results in a price for an investment which is deemed not to be representative of the fair value of such investment or if a price is not available, the investment will be valued based upon other available factors deemed relevant by the Global Valuation Committee, in accordance with policies approved by the Board. These factors include but are not limited to (i) attributes specific to the investment; (ii) the principal market for the investment; (iii) the customary participants in the principal market for the investment; (iv) data assumptions by market participants for the investment, if reasonably available; (v) quoted prices for similar investments in active markets; and (vi) other factors, such as future cash flows, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and/or default rates. Valuations based on such factors are reported to the Board on a quarterly basis.

The Global Valuation Committee employs various methods for calibrating valuation approaches for investments where an active market does not exist, including regular due diligence of the Trust's pricing vendors, a regular review of key inputs and assumptions, transactional back-testing or disposition analysis to compare unrealized gains and losses to realized gains and losses, reviews of missing or stale prices, reviews of large movements in market values, and reviews of market related activity.

Fair value pricing could result in a difference between the prices used to calculate a Fund's NAV and the prices used by the Fund's underlying index, which in turn could result in a difference between the Fund's performance and the performance of the Fund's underlying index.

Various inputs are used in determining the fair value of financial instruments. Inputs may be based on independent market data ("observable inputs") or they may be internally developed ("unobservable inputs"). These inputs are categorized into a disclosure hierarchy consisting of three broad levels for financial reporting purposes. The level of a value determined for a financial instrument within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement in its entirety. The categorization of a value determined for a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and is not necessarily an indication of the risk associated with investing in the instrument. The three levels of the fair value hierarchy are as follows:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not considered to be active, inputs other than quoted prices that are observable for the asset or liability (such as exchange rates, financing terms, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs; and
- Level 3 — Unobservable inputs for the asset or liability, including the Global Valuation Committee's assumptions used in determining the fair value of investments.

Changes in valuation techniques may result in transfers in or out of an assigned level within the disclosure hierarchy. In accordance with the Trust's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period.

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

The following table summarizes the value of each of the Funds' investments according to the fair value hierarchy as of March 31, 2016. The breakdown of each Fund's investments into major categories is disclosed in its respective schedule of investments.

<i>iShares ETF</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>U.S. Aerospace &amp; Defense</i>				
Investments:				
Assets:				
Common Stocks	\$ 636,969,321	\$ —	\$ —	\$ 636,969,321
Money Market Funds	16,304,217	—	—	16,304,217
Total	<u>\$ 653,273,538</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 653,273,538</u>
<i>U.S. Broker-Dealers &amp; Securities Exchanges</i>				
Investments:				
Assets:				
Common Stocks	\$ 112,275,578	\$ —	\$ —	\$ 112,275,578
Money Market Funds	5,384,252	—	—	5,384,252
Total	<u>\$ 117,659,830</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 117,659,830</u>
<i>U.S. Healthcare Providers</i>				
Investments:				
Assets:				
Common Stocks	\$ 676,781,065	\$ —	\$ —	\$ 676,781,065
Money Market Funds	56,452,725	—	—	56,452,725
Total	<u>\$ 733,233,790</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 733,233,790</u>
<i>U.S. Home Construction</i>				
Investments:				
Assets:				
Common Stocks	\$1,475,097,947	\$ —	\$ —	\$1,475,097,947
Money Market Funds	134,680,158	—	—	134,680,158
Total	<u>\$1,609,778,105</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$1,609,778,105</u>
<i>U.S. Insurance</i>				
Investments:				
Assets:				
Common Stocks	\$ 99,700,332	\$ —	\$ —	\$ 99,700,332
Money Market Funds	116,465	—	—	116,465
Total	<u>\$ 99,816,797</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 99,816,797</u>
<i>U.S. Medical Devices</i>				
Investments:				
Assets:				
Common Stocks	\$ 855,972,899	\$ —	\$ —	\$ 855,972,899
Money Market Funds	50,833,387	—	—	50,833,387
Total	<u>\$ 906,806,286</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 906,806,286</u>

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

<i>iShares ETF</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<i>U.S. Oil &amp; Gas Exploration &amp; Production</i>				
Investments:				
Assets:				
Common Stocks	\$ 368,812,530	\$ —	\$ —	\$ 368,812,530
Warrants	—	0 <sup>a</sup>	—	0 <sup>a</sup>
Money Market Funds	35,921,837	—	—	35,921,837
Total	<u>\$ 404,734,367</u>	<u>\$ 0<sup>a</sup></u>	<u>\$ —</u>	<u>\$ 404,734,367</u>
<i>U.S. Oil Equipment &amp; Services</i>				
Investments:				
Assets:				
Common Stocks	\$ 233,568,122	\$ —	\$ —	\$ 233,568,122
Money Market Funds	30,111,617	—	—	30,111,617
Total	<u>\$ 263,679,739</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 263,679,739</u>
<i>U.S. Pharmaceuticals</i>				
Investments:				
Assets:				
Common Stocks	\$ 636,331,442	\$ —	\$ —	\$ 636,331,442
Money Market Funds	122,104,961	—	—	122,104,961
Total	<u>\$ 758,436,403</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 758,436,403</u>
<i>U.S. Real Estate</i>				
Investments:				
Assets:				
Common Stocks	\$4,448,395,886	\$ —	\$ —	\$4,448,395,886
Money Market Funds	497,713,778	—	—	497,713,778
Total	<u>\$4,946,109,664</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$4,946,109,664</u>
<i>U.S. Regional Banks</i>				
Investments:				
Assets:				
Common Stocks	\$ 408,877,419	\$ —	\$ —	\$ 408,877,419
Money Market Funds	2,810,352	—	—	2,810,352
Total	<u>\$ 411,687,771</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 411,687,771</u>
<i>U.S. Telecommunications</i>				
Investments:				
Assets:				
Common Stocks	\$ 557,245,172	\$ —	\$1,744,732	\$ 558,989,904
Money Market Funds	65,020,328	—	—	65,020,328
Total	<u>\$ 622,265,500</u>	<u>\$ —</u>	<u>\$1,744,732</u>	<u>\$ 624,010,232</u>

<sup>a</sup> Rounds to less than \$1.

# Notes to Financial Statements (Continued)

## *iSHARES® TRUST*

### **SECURITY TRANSACTIONS AND INCOME RECOGNITION**

Security transactions are accounted for on trade date. Dividend income and capital gain distributions, if any, are recognized on the ex-dividend date, net of any foreign taxes withheld at source. Any taxes withheld that are reclaimable from foreign tax authorities as of March 31, 2016 are reflected in tax reclaims receivable. Non-cash dividends received in the form of stock in an elective dividend, if any, are recorded as dividend income at fair value. Distributions received by the Funds may include a return of capital that is estimated by management. Such amounts are recorded as a reduction of the cost of investments or reclassified to capital gains. Interest income is accrued daily. Realized gains and losses on investment transactions are determined using the specific identification method.

### **DISTRIBUTIONS TO SHAREHOLDERS**

Dividends and distributions paid by each Fund are recorded on the ex-dividend dates. Distributions are determined on a tax basis and may differ from net investment income and net realized capital gains for financial reporting purposes. Dividends and distributions are paid in U.S. dollars and cannot be automatically reinvested in additional shares of the Funds.

### **LOANS OF PORTFOLIO SECURITIES**

Each Fund may lend its investment securities to approved borrowers, such as brokers, dealers and other financial institutions. The borrower pledges and maintains with the Fund collateral consisting of cash, an irrevocable letter of credit issued by a bank, or securities issued or guaranteed by the U.S. government. The initial collateral received by each Fund is required to have a value of at least 102% of the current value of the loaned securities for securities traded on U.S. exchanges and a value of at least 105% for all other securities. The collateral is maintained thereafter at a value equal to at least 100% of the current value of the securities on loan. The market value of the loaned securities is determined at the close of each business day of the Funds. Any additional required collateral is delivered to the Funds and any excess collateral is returned by the Funds on the next business day. During the term of the loan, each Fund is entitled to all distributions made on or in respect of the loaned securities. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

Any cash received as collateral for securities on loan may be reinvested in certain short-term instruments either directly on behalf of a fund or through one or more joint accounts or money market funds, including those managed by BlackRock Fund Advisors ("BFA"), the Funds' investment adviser, or its affiliates. As of March 31, 2016, any securities on loan were collateralized by cash. The cash collateral received was invested in money market funds managed by BFA and is disclosed in the schedules of investments. The securities on loan for each Fund are also disclosed in its schedule of investments. The total value of any securities on loan as of March 31, 2016 and the total value of the related collateral are disclosed in the statements of assets and liabilities. Income earned by the Funds from securities lending is disclosed in the statements of operations.

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Funds benefit from a borrower default indemnity provided by BlackRock, Inc. ("BlackRock"). BlackRock's indemnity allows for full replacement of securities lent. Each Fund could suffer a loss if the value of the investments purchased with cash collateral falls below the value of the cash collateral received.

Securities lending transactions are entered into by the Funds under Master Securities Lending Agreements ("MSLA") which provide the right, in the event of default (including bankruptcy or insolvency) for the non-defaulting party to liquidate the collateral and calculate a net exposure to the defaulting party or request additional collateral. In the event that a borrower defaults, a Fund, as lender, would offset the market value of the collateral received against the market value of the securities loaned. The value of the collateral is typically greater than that of the market value of the securities loaned, leaving the lender with a net amount payable to the defaulting party. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

prohibitions against such a right of offset in the event of an MSLA counterparty's bankruptcy or insolvency. Under the MSLA, the borrower can resell or re-pledge the loaned securities, and a Fund can reinvest cash collateral, or, upon an event of default, resell or re-pledge the collateral.

The following table is a summary of securities lending agreements which are subject to offset under an MSLA as of March 31, 2016:

<i>iShares ETF and Counterparty</i>	<i>Market Value of Securities on Loan</i>	<i>Cash Collateral Received<sup>a</sup></i>	<i>Net Amount<sup>b</sup></i>
<i>U.S. Aerospace &amp; Defense</i>			
BNP Paribas Prime Brokerage Inc.	\$ 93,612	\$ 93,612	\$ —
Citigroup Global Markets Inc.	1,059,077	1,059,077	—
Credit Suisse Securities (USA) LLC	1,141,007	1,141,007	—
Goldman Sachs & Co.	3,358,784	3,358,784	—
JPMorgan Clearing Corp.	2,705,668	2,705,668	—
Merrill Lynch, Pierce, Fenner & Smith	4,932,182	4,932,182	—
Morgan Stanley & Co. LLC (U.S. Equity Securities Lending)	1,933,908	1,933,908	—
UBS Securities LLC	248,670	248,670	—
	<u>\$ 15,472,908</u>	<u>\$ 15,472,908</u>	<u>\$ —</u>
<i>U.S. Broker-Dealers &amp; Securities Exchanges</i>			
Citigroup Global Markets Inc.	\$ 869,865	\$ 869,865	\$ —
Goldman Sachs & Co.	195,748	195,748	—
JPMorgan Clearing Corp.	828,321	828,321	—
Merrill Lynch, Pierce, Fenner & Smith	3,197,955	3,197,955	—
Morgan Stanley & Co. LLC (U.S. Equity Securities Lending)	381	381	—
	<u>\$ 5,092,270</u>	<u>\$ 5,092,270</u>	<u>\$ —</u>
<i>U.S. Healthcare Providers</i>			
Barclays Capital Inc.	\$ 377,166	\$ 377,166	\$ —
BNP Paribas Prime Brokerage Inc.	2,797,540	2,797,540	—
Citigroup Global Markets Inc.	6,864,272	6,864,272	—
Credit Suisse Securities (USA) LLC	2,897,284	2,897,284	—
Deutsche Bank Securities Inc.	2,231,389	2,231,389	—
Goldman Sachs & Co.	10,334,761	10,334,761	—
Jefferies LLC	579,580	579,580	—
JPMorgan Clearing Corp.	10,736,890	10,736,890	—
Merrill Lynch, Pierce, Fenner & Smith	8,128,264	8,128,264	—
Morgan Stanley & Co. LLC (U.S. Equity Securities Lending)	3,354,005	3,291,201	(62,804)
National Financial Services LLC	295,561	295,561	—
UBS Securities LLC	1,136,491	1,136,491	—
	<u>\$ 49,733,203</u>	<u>\$ 49,670,399</u>	<u>\$ (62,804)</u>

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

<i>iShares ETF and Counterparty</i>	<i>Market Value of Securities on Loan</i>	<i>Cash Collateral Received<sup>a</sup></i>	<i>Net Amount<sup>b</sup></i>
<i>U.S. Home Construction</i>			
Barclays Capital Inc.	\$ 3,037	\$ 3,037	\$ —
BNP Paribas Prime Brokerage Inc.	193,310	193,310	—
Citigroup Global Markets Inc.	23,116,232	22,814,271	(301,961)
Credit Suisse Securities (USA) LLC	1,021,082	1,020,954	(128)
Deutsche Bank Securities Inc.	14,997,694	14,908,612	(89,082)
Goldman Sachs & Co.	19,543,009	19,543,009	—
HSBC Bank PLC	1,288,646	1,288,646	—
Jefferies LLC	343,976	343,976	—
JPMorgan Clearing Corp.	42,456,743	42,456,743	—
Merrill Lynch, Pierce, Fenner & Smith	1,472,644	1,472,644	—
Morgan Stanley & Co. LLC (U.S. Equity Securities Lending)	10,511,609	10,511,609	—
National Financial Services LLC	388,884	388,884	—
SG Americas Securities LLC	165,680	165,680	—
State Street Bank & Trust Company	9,826,397	9,826,397	—
UBS Securities LLC	7,650,116	7,650,116	—
	<u>\$ 132,979,059</u>	<u>\$ 132,587,888</u>	<u>\$(391,171)</u>
<i>U.S. Medical Devices</i>			
Citigroup Global Markets Inc.	\$ 4,841,221	\$ 4,841,221	\$ —
Deutsche Bank Securities Inc.	1,350,444	1,350,444	—
Goldman Sachs & Co.	724,620	724,620	—
HSBC Bank PLC	377,888	377,888	—
Jefferies LLC	1,986,284	1,976,700	(9,584)
JPMorgan Clearing Corp.	32,025,404	32,025,404	—
Merrill Lynch, Pierce, Fenner & Smith	1,823,281	1,771,788	(51,493)
Morgan Stanley & Co. LLC (U.S. Equity Securities Lending)	3,637,457	3,637,457	—
State Street Bank & Trust Company	2,546,556	2,546,556	—
Wells Fargo Securities LLC	517,479	517,479	—
	<u>\$ 49,830,634</u>	<u>\$ 49,769,557</u>	<u>\$(61,077)</u>
<i>U.S. Oil &amp; Gas Exploration &amp; Production</i>			
BNP Paribas Prime Brokerage Inc.	\$ 723,356	\$ 723,356	\$ —
Citigroup Global Markets Inc.	9,918,787	9,918,787	—
Credit Suisse Securities (USA) LLC	25,735	25,735	—
Deutsche Bank Securities Inc.	9,403,039	9,403,039	—
HSBC Bank PLC	7,167	7,167	—
Jefferies LLC	394,312	394,312	—
JPMorgan Clearing Corp.	4,883,184	4,883,184	—
Merrill Lynch, Pierce, Fenner & Smith	2,480,034	2,480,034	—
Morgan Stanley & Co. LLC (U.S. Equity Securities Lending)	1,310,199	1,310,199	—
Scotia Capital (USA) Inc.	16,468	16,468	—
SG Americas Securities LLC	17,973	17,973	—
State Street Bank & Trust Company	4,590,911	4,590,911	—
UBS Securities LLC	762,025	762,025	—
Wells Fargo Securities LLC	235,562	235,562	—
	<u>\$ 34,768,752</u>	<u>\$ 34,768,752</u>	<u>\$ —</u>



# Notes to Financial Statements (Continued)

## iSHARES® TRUST

<i>iShares ETF and Counterparty</i>	<i>Market Value of Securities on Loan</i>	<i>Cash Collateral Received<sup>a</sup></i>	<i>Net Amount<sup>b</sup></i>
<i>U.S. Oil Equipment &amp; Services</i>			
Barclays Capital Inc.	\$ 236,546	\$ 236,546	\$ —
BNP Paribas Prime Brokerage Inc.	51,636	50,700	(936)
Citigroup Global Markets Inc.	616,900	616,354	(546)
Credit Suisse Securities (USA) LLC	253,254	252,942	(312)
Deutsche Bank Securities Inc.	7,133,167	7,133,167	—
Goldman Sachs & Co.	5,328,639	5,328,639	—
Jefferies LLC	8,037	8,037	—
JPMorgan Clearing Corp.	10,123,743	10,123,743	—
Merrill Lynch, Pierce, Fenner & Smith	112,510	112,510	—
Morgan Stanley & Co. LLC (U.S. Equity Securities Lending)	2,516,627	2,516,627	—
National Financial Services LLC	535,227	525,525	(9,702)
SG Americas Securities LLC	275,854	275,854	—
State Street Bank & Trust Company	320,065	320,065	—
UBS Securities LLC	1,051,242	1,051,242	—
Wells Fargo Securities LLC	748,564	748,564	—
	<u>\$ 29,312,011</u>	<u>\$ 29,300,515</u>	<u>\$ (11,496)</u>
<i>U.S. Pharmaceuticals</i>			
Barclays Capital Inc.	\$ 789,137	\$ 789,137	\$ —
BNP Paribas Prime Brokerage Inc.	6,980,209	6,897,898	(82,311)
Citigroup Global Markets Inc.	11,759,258	11,759,258	—
Credit Suisse Securities (USA) LLC	9,973,947	9,911,793	(62,154)
Deutsche Bank Securities Inc.	28,805,939	28,805,939	—
Goldman Sachs & Co.	11,818,062	11,782,997	(35,065)
HSBC Bank PLC	185,980	182,750	(3,230)
Jefferies LLC	3,260,723	3,260,723	—
JPMorgan Clearing Corp.	9,035,357	9,035,357	—
Merrill Lynch, Pierce, Fenner & Smith	9,879,247	9,879,247	—
Morgan Stanley & Co. LLC (U.S. Equity Securities Lending)	21,649,467	21,649,467	—
National Financial Services LLC	1,412,943	1,412,943	—
SG Americas Securities LLC	740,376	740,376	—
Timber Hill LLC	185,006	182,900	(2,106)
UBS Securities LLC	1,552,681	1,552,681	—
Wells Fargo Securities LLC	2,403,977	2,403,977	—
	<u>\$ 120,432,309</u>	<u>\$ 120,247,443</u>	<u>\$ (184,866)</u>

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

<i>iShares ETF and Counterparty</i>	<i>Market Value of Securities on Loan</i>	<i>Cash Collateral Received<sup>a</sup></i>	<i>Net Amount<sup>b</sup></i>
<i>U.S. Real Estate</i>			
Barclays Capital Inc.	\$ 7,523,128	\$ 7,523,128	\$ —
BNP Paribas Prime Brokerage Inc.	395,526	395,526	—
Citigroup Global Markets Inc.	11,590,199	11,590,199	—
Credit Suisse Securities (USA) LLC	54,870,657	54,870,657	—
Deutsche Bank Securities Inc.	26,450,156	26,450,156	—
Goldman Sachs & Co.	64,594,781	64,594,781	—
HSBC Bank PLC	11,667,196	11,667,196	—
Jefferies LLC	150,556	150,556	—
JPMorgan Clearing Corp.	76,494,317	76,494,317	—
Merrill Lynch, Pierce, Fenner & Smith	18,124,126	18,124,126	—
Mizuho Securities USA Inc.	4,200,283	4,200,283	—
Morgan Stanley & Co. LLC (U.S. Equity Securities Lending)	70,926,933	70,926,933	—
Scotia Capital (USA) Inc.	6,844,588	6,844,588	—
State Street Bank & Trust Company	87,168,357	87,168,357	—
Timber Hill LLC	195,624	195,624	—
UBS Securities LLC	38,356,197	38,356,197	—
	<u>\$ 479,552,624</u>	<u>\$ 479,552,624</u>	<u>\$ —</u>
<i>U.S. Regional Banks</i>			
Citigroup Global Markets Inc.	\$ 1,529	\$ 1,529	\$ —
Goldman Sachs & Co.	269,862	269,862	—
Merrill Lynch, Pierce, Fenner & Smith	564,186	564,186	—
UBS Securities LLC	1,420,318	1,420,318	—
Wells Fargo Securities LLC	91,106	91,106	—
	<u>\$ 2,347,001</u>	<u>\$ 2,347,001</u>	<u>\$ —</u>
<i>U.S. Telecommunications</i>			
Barclays Capital Inc.	\$ 438,480	\$ 438,480	\$ —
BMO Capital Markets	1,215,230	1,215,230	—
BNP Paribas Prime Brokerage Inc.	7,335,162	7,335,162	—
Citigroup Global Markets Inc.	913,625	913,625	—
Credit Suisse Securities (USA) LLC	4,732,254	4,732,254	—
Deutsche Bank Securities Inc.	3,148,543	3,148,543	—
Goldman Sachs & Co.	23,799,515	23,799,515	—
Jefferies LLC	286,926	286,926	—
JPMorgan Clearing Corp.	7,484,536	7,484,536	—
Merrill Lynch, Pierce, Fenner & Smith	2,339,785	2,339,785	—
Morgan Stanley & Co. LLC (U.S. Equity Securities Lending)	7,571,261	7,571,261	—
National Financial Services LLC	528,847	528,847	—
SG Americas Securities LLC	23,610	23,610	—
State Street Bank & Trust Company	472,139	472,139	—
UBS Securities LLC	1,282,145	1,282,145	—
Wells Fargo Securities LLC	248,546	248,546	—
	<u>\$ 61,820,604</u>	<u>\$ 61,820,604</u>	<u>\$ —</u>

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

<sup>a</sup> Collateral received in excess of the market value of securities on loan is not presented in this table. The total cash collateral received by each Fund is disclosed in each Fund's statement of assets and liabilities.

<sup>b</sup> Additional collateral is delivered to the Funds on the next business day in accordance with the MSLA. The net amount would be subject to the borrower default indemnity in the event of default by a counterparty.

## 2. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

Pursuant to an Investment Advisory Agreement with the Trust, BFA manages the investment of each Fund's assets. BFA is a California corporation indirectly owned by BlackRock. Under the Investment Advisory Agreement, BFA is responsible for substantially all expenses of the Funds, except interest, taxes, brokerage commissions and other expenses connected with the execution of portfolio transactions, distribution fees, litigation expenses and any extraordinary expenses.

For its investment advisory services to each Fund, BFA is entitled to an annual investment advisory fee based on each Fund's allocable portion of the aggregate of the average daily net assets of the Fund and certain other iShares funds, as follows:

<i>Investment Advisory Fee</i>	<i>Aggregate Average Daily Net Assets</i>
0.48%	First \$10 billion
0.43	Over \$10 billion, up to and including \$20 billion
0.38	Over \$20 billion, up to and including \$30 billion
0.34 <sup>a</sup>	Over \$30 billion, up to and including \$40 billion <sup>b</sup>
0.33	Over \$40 billion, up to and including \$50 billion <sup>b</sup>
0.31	Over \$50 billion <sup>b</sup>

<sup>a</sup> Advisory fee for this breakpoint level was reduced from 0.342% to 0.34% effective July 1, 2015.

<sup>b</sup> Breakpoint level was added effective July 1, 2015.

The U.S. Securities and Exchange Commission has issued an exemptive order which permits BlackRock Institutional Trust Company, N.A. ("BTC"), an affiliate of BFA, to serve as securities lending agent for the Funds, subject to applicable conditions. As securities lending agent, BTC bears all operational costs directly related to securities lending. Each Fund is responsible for fees in connection with the investment of cash collateral received for securities on loan in a money market fund managed by BFA, however, BTC has agreed to reduce the amount of securities lending income it receives in order to effectively limit the collateral investment fees each Fund bears to an annual rate of 0.04% (the "collateral investment fees"). Securities lending income is equal to the total of income earned from the reinvestment of cash collateral, net of fees and other payments to and from borrowers of securities, and less the collateral investment fees. The Funds retain a portion of securities lending income and remit the remaining portion to BTC as compensation for its services as securities lending agent.

Pursuant to a securities lending agreement, each Fund retains 71.5% of securities lending income and the amount retained can never be less than 65% of the total of securities lending income plus the collateral investment fees. In addition, commencing the business day following the date that the aggregate securities lending income plus the collateral investment fees generated across all 1940 Act iShares exchange-traded funds (the "iShares ETF Complex") in a given calendar year exceeds the aggregate securities lending income generated across the iShares ETF Complex in the calendar year 2013, each Fund, pursuant to a securities lending agreement, will retain for the remainder of that calendar year 75% of securities lending income and the amount retained can never be less than 65% of the total of securities lending income plus the collateral investment fees.

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

For the period ended March 31, 2016, the total of securities lending agent services and collateral investment fees paid were as follows:

<i>iShares ETF</i>	<i>Fees Paid to BTC</i>	<i>iShares ETF</i>	<i>Fees Paid to BTC</i>
U.S. Aerospace & Defense	\$ 17,979	U.S. Oil & Gas Exploration & Production	\$ 247,701
U.S. Broker-Dealers & Securities Exchanges	43,262	U.S. Oil Equipment & Services	295,011
U.S. Healthcare Providers	80,668	U.S. Pharmaceuticals	428,136
U.S. Home Construction	283,633	U.S. Real Estate	440,003
U.S. Insurance	1,868	U.S. Regional Banks	8,065
U.S. Medical Devices	36,058	U.S. Telecommunications	472,743

BlackRock Investments, LLC, an affiliate of BFA, is the distributor for each Fund. Pursuant to the distribution agreement, BFA is responsible for any fees or expenses for distribution services provided to the Funds.

Cross trading is the buying or selling of portfolio securities between funds to which BFA (or an affiliate) serves as investment adviser. At its regularly scheduled quarterly meetings, the Board reviews such transactions as of the most recent calendar quarter for compliance with the requirements and restrictions set forth by Rule 17a-7.

For the period ended March 31, 2016, transactions executed by the Funds pursuant to Rule 17a-7 under the 1940 Act were as follows:

<i>iShares ETF</i>	<i>Purchases</i>	<i>Sales</i>
U.S. Aerospace & Defense	\$29,730,267	\$ 20,395,568
U.S. Broker-Dealers & Securities Exchanges	5,706,003	22,583,463
U.S. Healthcare Providers	22,773,403	37,323,000
U.S. Home Construction	35,595,854	53,068,858
U.S. Insurance	2,811,134	1,657,132
U.S. Medical Devices	29,079,909	30,684,092
U.S. Oil & Gas Exploration & Production	15,254,214	21,806,903
U.S. Oil Equipment & Services	26,993,841	18,475,500
U.S. Pharmaceuticals	12,599,972	100,216,810
U.S. Real Estate	19,588,596	41,853,603
U.S. Regional Banks	3,884,203	8,674,538
U.S. Telecommunications	30,760,272	22,432,899

Each Fund may invest its positive cash balances in certain money market funds managed by BFA or an affiliate. The income earned on these temporary cash investments is included in "Interest – affiliated" in the statements of operations.

The PNC Financial Services Group, Inc. is the largest stockholder of BlackRock and is considered to be an affiliate of the Funds for 1940 Act purposes.

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

Investments in issuers considered to be affiliates of the Funds (excluding money market funds) during the period ended March 31, 2016, for purposes of Section 2(a)(3) of the 1940 Act, were as follows:

<i>iShares ETF and Name of Affiliated Issuer</i>	<i>Shares Held at Beginning of Period</i>	<i>Shares Purchased</i>	<i>Shares Sold</i>	<i>Shares Held at End of Period</i>	<i>Value at End of Period</i>	<i>Dividend Income</i>	<i>Net Realized Gain (Loss)</i>
<i>U.S. Regional Banks</i>							
PNC Financial Services Group Inc. (The)	719,596	512,343	(671,351)	560,588	<u>\$47,408,927</u>	<u>\$1,036,837</u>	<u>\$ 5,597,322</u>
<i>U.S. Telecommunications</i>							
Spok Holdings Inc. <sup>a</sup>	1,175,952	851,469	(1,270,008)	757,413	<u>\$13,262,302</u>	<u>\$ 492,161</u>	<u>\$ (539,214)</u>

<sup>a</sup> Not an affiliate at the end of the period.

Certain trustees and officers of the Trust are also officers of BTC and/or BFA.

### 3. INVESTMENT PORTFOLIO TRANSACTIONS

Purchases and sales of investments (excluding in-kind transactions and short-term investments) for the period ended March 31, 2016 were as follows:

<i>iShares ETF</i>	<i>Purchases</i>	<i>Sales</i>
U.S. Aerospace & Defense	\$135,417,055	\$ 98,021,848
U.S. Broker-Dealers & Securities Exchanges	69,816,374	79,312,013
U.S. Healthcare Providers	145,864,474	134,935,070
U.S. Home Construction	267,579,547	267,333,833
U.S. Insurance	18,191,623	12,268,301
U.S. Medical Devices	129,429,153	135,009,848
U.S. Oil & Gas Exploration & Production	73,197,561	73,668,691
U.S. Oil Equipment & Services	61,394,903	52,130,122
U.S. Pharmaceuticals	295,626,717	293,415,700
U.S. Real Estate	583,163,428	564,298,648
U.S. Regional Banks	55,911,068	54,579,158
U.S. Telecommunications	127,146,234	128,550,808

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

In-kind transactions (see Note 4) for the period ended March 31, 2016 were as follows:

<i>iShares ETF</i>	<i>In-kind Purchases</i>	<i>In-kind Sales</i>
U.S. Aerospace & Defense	\$ 386,252,642	\$ 272,332,507
U.S. Broker-Dealers & Securities Exchanges	72,689,596	204,394,323
U.S. Healthcare Providers	792,397,070	869,834,791
U.S. Home Construction	1,738,453,434	2,301,142,090
U.S. Insurance	31,172,350	49,757,592
U.S. Medical Devices	470,282,754	412,590,727
U.S. Oil & Gas Exploration & Production	280,602,747	271,982,946
U.S. Oil Equipment & Services	57,519,998	81,158,441
U.S. Pharmaceuticals	372,492,517	697,263,358
U.S. Real Estate	16,679,857,847	17,235,547,301
U.S. Regional Banks	393,796,392	464,674,191
U.S. Telecommunications	561,507,987	692,055,271

## 4. CAPITAL SHARE TRANSACTIONS

Capital shares are issued and redeemed by each Fund only in aggregations of a specified number of shares or multiples thereof ("Creation Units") at NAV. Except when aggregated in Creation Units, shares of each Fund are not redeemable. Transactions in capital shares for each Fund are disclosed in detail in the statements of changes in net assets.

The consideration for the purchase of Creation Units of a fund in the Trust generally consists of the in-kind deposit of a designated portfolio of securities and a specified amount of cash. Certain funds in the Trust may be offered in Creation Units solely or partially for cash in U.S. dollars. Investors purchasing and redeeming Creation Units may pay a purchase transaction fee and a redemption transaction fee directly to State Street Bank and Trust Company, the Trust's administrator, to offset transfer and other transaction costs associated with the issuance and redemption of Creation Units, including Creation Units for cash. Investors transacting in Creation Units for cash may also pay an additional variable charge to compensate the relevant fund for certain transaction costs (i.e., stamp taxes, taxes on currency or other financial transactions, and brokerage costs) and market impact expenses relating to investing in portfolio securities. Such variable charges, if any, are included in "Proceeds from shares sold" in the statements of changes in net assets.

## 5. PRINCIPAL RISKS

In the normal course of business, each Fund's investment activities expose it to various types of risk associated with the financial instruments and markets in which it invests. The significant types of financial risks each Fund is exposed to include market risk and credit risk. Each Fund's prospectus provides details of these and other types of risk.

BFA uses a "passive" or index approach to try to achieve each Fund's investment objective following the securities included in its underlying index during upturns as well as downturns. BFA does not take steps to reduce market exposure or to lessen the effects of a declining market. Divergence from the underlying index and the composition of the portfolio is monitored by BFA.

## MARKET RISK

Market risk arises mainly from uncertainty about future values of financial instruments influenced by price, currency and interest rate movements. It represents the potential loss each Fund may suffer through holding market positions in the face of market

# Notes to Financial Statements (Continued)

## *iSHARES® TRUST*

movements. Each Fund is exposed to market risk by virtue of its investment in equity instruments. The fair value of securities held by the Funds may decline due to general market conditions, economic trends or events that are not specifically related to the issuers of the securities including local, regional or global political, social or economic instability or to factors that affect a particular industry or group of industries. The extent of each Fund's exposure to market risk is the market value of the investments held as shown in the Fund's schedule of investments.

A diversified portfolio, where this is appropriate and consistent with a fund's objectives, minimizes the risk that a price change of a particular investment will have a material impact on the NAV of a fund. The investment concentrations within each Fund's portfolio are disclosed in its schedule of investments.

Each Fund invests all or substantially all of its assets in securities within a single or limited number of market sectors. When a fund concentrates its investments in this manner, it assumes the risk that economic, political and social conditions affecting those market sectors may have a significant impact on its investment performance.

### **CREDIT RISK**

Credit risk is the risk that an issuer or guarantor of debt instruments or the counterparty to a financial transaction, including derivatives contracts, repurchase agreements or loans of portfolio securities, is unable or unwilling to make timely interest and/or principal payments or to otherwise honor its obligations. BFA and its affiliates manage counterparty credit risk by entering into transactions only with counterparties that they believe have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. Financial assets, which potentially expose the Funds to issuer and counterparty credit risks, consist principally of financial instruments and receivables due from counterparties. The extent of each Fund's exposure to credit and counterparty risks with respect to those financial assets is approximated by their value recorded in its statement of assets and liabilities.

### **6. INCOME TAX INFORMATION**

Each Fund is treated as an entity separate from the Trust's other funds for federal income tax purposes. It is the policy of each Fund to qualify as a regulated investment company by complying with the provisions applicable to regulated investment companies, as defined under Subchapter M of the Internal Revenue Code of 1986, as amended, and to annually distribute substantially all of its ordinary income and any net capital gains (taking into account any capital loss carryforwards) sufficient to relieve it from all, or substantially all, federal income and excise taxes. Accordingly, no provision for federal income taxes is required.

U.S. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or NAV per share. The following permanent differences as of March 31, 2016, attributable to the characterization of corporate actions, the expiration of capital loss carryforwards, distributions

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

paid in excess of taxable income and realized gains (losses) from in-kind redemptions, were reclassified to the following accounts:

<i>iShares ETF</i>	<i>Paid-in Capital</i>	<i>Undistributed Net Investment Income/Distributions in Excess of Net Investment Income</i>	<i>Undistributed Net Realized Gain/Accumulated Net Realized Loss</i>
U.S. Aerospace & Defense	\$ 32,200,315	\$ 54,061	\$ (32,254,376)
U.S. Broker-Dealers & Securities Exchanges	(1,245,598)	403,906	841,692
U.S. Healthcare Providers	164,802,127	111,098	(164,913,225)
U.S. Home Construction	77,024,959	96,701	(77,121,660)
U.S. Insurance	11,411,704	—	(11,411,704)
U.S. Medical Devices	65,485,803	5,349,183	(70,834,986)
U.S. Oil & Gas Exploration & Production	(11,725,510)	132,179	11,593,331
U.S. Oil Equipment & Services	(10,228,024)	68,315	10,159,709
U.S. Pharmaceuticals	128,257,430	23,810	(128,281,240)
U.S. Real Estate	(82,717,464)	41,729,140	40,988,324
U.S. Regional Banks	15,841,448	—	(15,841,448)
U.S. Telecommunications	17,967,844	2,656,119	(20,623,963)

The tax character of distributions paid during the period ended March 31, 2016 and the years ended April 30, 2015 and April 30, 2014 were as follows:

<i>iShares ETF</i>	<i>Period ended March 31, 2016</i>	<i>Year ended April 30, 2015</i>	<i>Year ended April 30, 2014</i>
<i>U.S. Aerospace &amp; Defense</i>			
Ordinary income	\$ 5,285,595	\$ 6,856,073	\$ 2,770,113
<i>U.S. Broker-Dealers &amp; Securities Exchanges</i>			
Ordinary income	\$ 3,991,778	\$ 2,734,450	\$ 2,460,585
<i>U.S. Healthcare Providers</i>			
Ordinary income	\$ 1,650,108	\$ 1,120,709	\$ 930,058
<i>U.S. Home Construction</i>			
Ordinary income	\$ 7,346,056	\$ 6,271,832	\$ 3,247,695
<i>U.S. Insurance</i>			
Ordinary income	\$ 2,116,844	\$ 2,060,135	\$ 2,129,836
<i>U.S. Medical Devices</i>			
Ordinary income	\$ 9,457,464	\$ 5,290,800	\$ 2,167,760
<i>U.S. Oil &amp; Gas Exploration &amp; Production</i>			
Ordinary income	\$ 6,780,931	\$ 6,133,730	\$ 3,998,822



# Notes to Financial Statements (Continued)

## iSHARES® TRUST

<i>iShares ETF</i>	<i>Period Ended March 31, 2016</i>	<i>Year ended April 30, 2015</i>	<i>Year ended April 30, 2014</i>
<i>U.S. Oil Equipment &amp; Services</i>			
Ordinary income	\$ 5,049,972	\$ 7,180,947	\$ 4,336,126
<i>U.S. Pharmaceuticals</i>			
Ordinary income	\$ 9,007,065	\$ 8,914,234	\$ 5,949,502
Long-term capital gain	8,881,964	970,287	—
	<u>\$ 17,889,029</u>	<u>\$ 9,884,521</u>	<u>\$ 5,949,502</u>
<i>U.S. Real Estate</i>			
Ordinary income	\$ 150,743,219	\$ 177,990,317	\$ 162,396,953
Long-term capital gain	34,165,146	10,391,973	5,226,731
	<u>\$ 184,908,365</u>	<u>\$ 188,382,290</u>	<u>\$ 167,623,684</u>
<i>U.S. Regional Banks</i>			
Ordinary income	\$ 10,060,282	\$ 9,315,181	\$ 7,992,759
<i>U.S. Telecommunications</i>			
Ordinary income	\$ 10,401,869	\$ 12,667,567	\$ 13,104,434

As of March 31, 2016, the tax components of accumulated net earnings (losses) were as follows:

<i>iShares ETF</i>	<i>Undistributed Ordinary Income</i>	<i>Capital Loss Carryforwards</i>	<i>Net Unrealized Gains (Losses)<sup>a</sup></i>	<i>Qualified Late-Year Losses<sup>b</sup></i>	<i>Total</i>
U.S. Aerospace & Defense	\$ —	\$ (34,289,259)	\$ (23,685,008)	\$ (5,693,539)	\$ (63,667,806)
U.S. Broker-Dealers & Securities Exchanges	—	(68,552,405)	(13,809,737)	(2,483,508)	(84,845,650)
U.S. Healthcare Providers	—	(8,662,100)	(77,786,878)	(4,892,882)	(91,341,860)
U.S. Home Construction	—	(191,373,154)	(169,807,655)	—	(361,180,809)
U.S. Insurance	61,356	(15,236,021)	3,780,755	—	(11,393,910)
U.S. Medical Devices	921,803	(18,578,418)	29,848,129	—	12,191,514
U.S. Oil & Gas Exploration & Production	—	(41,496,402)	(202,732,451)	(23,053,152)	(267,282,005)
U.S. Oil Equipment & Services	—	(128,076,868)	(185,365,757)	(4,029,750)	(317,472,375)
U.S. Pharmaceuticals	212,634	(12,508,700)	(141,964,989)	(8,225,913)	(162,486,968)
U.S. Real Estate	—	—	(309,539,755)	(1,332,746)	(310,872,501)
U.S. Regional Banks	622,194	(42,342,782)	(56,775,454)	(1,200,806)	(99,696,848)
U.S. Telecommunications	—	(225,234,521)	(42,530,045)	—	(267,764,566)

<sup>a</sup> The difference between book-basis and tax-basis unrealized gains (losses) was attributable primarily to the tax deferral of losses on wash sales and the realization for tax purposes of unrealized gains on investments in passive foreign investment companies.

<sup>b</sup> The Funds have elected to defer certain qualified late-year losses and recognize such losses in the next taxable year.

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

As of March 31, 2016, the following Funds had capital loss carryforwards available to offset future realized capital gains through the indicated expiration dates as follows:

<i>iShares ETF</i>	<i>Non-Expiring<sup>a</sup></i>	<i>Expiring 2017</i>	<i>Expiring 2018</i>	<i>Expiring 2019</i>	<i>Total</i>
U.S. Aerospace & Defense	\$ 4,967,305	\$ 9,600,011	\$ 18,274,518	\$ 1,447,425	\$ 34,289,259
U.S. Broker-Dealers & Securities Exchanges	16,696,139	31,804,022	17,785,438	2,266,806	68,552,405
U.S. Healthcare Providers	3,411,634	—	5,250,466	—	8,662,100
U.S. Home Construction	12,048,740	24,583,851	146,896,099	7,844,464	191,373,154
U.S. Insurance	—	10,469,223	2,305,872	2,460,926	15,236,021
U.S. Medical Devices	2,549,042	—	9,121,535	6,907,841	18,578,418
U.S. Oil & Gas Exploration & Production	22,895,283	1,593,277	9,040,459	7,967,383	41,496,402
U.S. Oil Equipment & Services	45,055,455	1,460,417	57,694,132	23,866,864	128,076,868
U.S. Pharmaceuticals	12,508,700	—	—	—	12,508,700
U.S. Regional Banks	7,844,169	14,260,731	19,012,829	1,225,053	42,342,782
U.S. Telecommunications	47,050,318	37,556,483	109,926,562	30,701,158	225,234,521

<sup>a</sup> Must be utilized prior to losses subject to expiration.

For the period ended March 31, 2016, the following Funds utilized their capital loss carryforwards as follows:

<i>iShares ETF</i>	<i>Utilized</i>
U.S. Aerospace & Defense	\$2,480,013
U.S. Home Construction	463,285
U.S. Insurance	2,709,073
U.S. Regional Banks	520,021

The Funds may own shares in certain foreign investment entities, referred to, under U.S. tax law, as “passive foreign investment companies.” The Funds may elect to mark-to-market annually the shares of each passive foreign investment company and would be required to distribute to shareholders any such marked-to-market gains.

# Notes to Financial Statements (Continued)

## iSHARES® TRUST

As of March 31, 2016, gross unrealized appreciation and gross unrealized depreciation based on cost for federal income tax purposes were as follows:

<i>iShares ETF</i>	<i>Tax Cost</i>	<i>Gross Unrealized Appreciation</i>	<i>Gross Unrealized Depreciation</i>	<i>Net Unrealized Appreciation (Depreciation)</i>
U.S. Aerospace & Defense	\$ 676,958,546	\$ 29,334,851	\$ (53,019,859)	\$ (23,685,008)
U.S. Broker-Dealers & Securities Exchanges	131,469,567	7,722,292	(21,532,029)	(13,809,737)
U.S. Healthcare Providers	811,020,668	10,678,208	(88,465,086)	(77,786,878)
U.S. Home Construction	1,779,585,760	54,722,632	(224,530,287)	(169,807,655)
U.S. Insurance	96,036,042	9,779,351	(5,998,596)	3,780,755
U.S. Medical Devices	876,958,157	55,822,598	(25,974,469)	29,848,129
U.S. Oil & Gas Exploration & Production	607,466,818	6,953,147	(209,685,598)	(202,732,451)
U.S. Oil Equipment & Services	449,045,496	2,197,229	(187,562,986)	(185,365,757)
U.S. Pharmaceuticals	900,401,392	11,789,017	(153,754,006)	(141,964,989)
U.S. Real Estate	5,255,649,419	122,949,496	(432,489,251)	(309,539,755)
U.S. Regional Banks	468,463,225	1,147,706	(57,923,160)	(56,775,454)
U.S. Telecommunications	666,540,277	22,525,139	(65,055,184)	(42,530,045)

Management has analyzed tax laws and regulations and their application to the Funds as of March 31, 2016, inclusive of the open tax return years, and does not believe there are any uncertain tax positions that require recognition of a tax liability in the Funds' financial statements.

## 7. SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Funds through the date the financial statements were available to be issued and has determined that there were no subsequent events requiring adjustment or disclosure in the financial statements.